



Secondary Tax Rates

- Library (\$1,934,863)
 - Down from \$2,260,530
 - FY 15/16 tax rate – decrease in revenue \$56,528
 - Current Tax Rate – 0.1451
 - 1¢ = \$92,058
- Flood Control (\$6,884,326)
 - Up from \$6,244,736 (FY 14/15)
 - FY 15/16 tax rate – decrease in revenue \$55,902
 - Current Tax Rate – 0.2597
 - 1¢ = \$78,777



FY 15/16 Tentative Operating Budget

July 20, 2015

James E. Vlahovich, County Administrator

Lois Klein, Finance Director



**COCHISE COUNTY
2015-2016 ADOPTED BUDGET
SUMMARY - ALL FUNDS**

FUND	2014-15 ADOPTED BUDGET	2014-15 PROJECTED EXPENSES	2015-16 NON-LEVY REVENUE	2015-16 PRIMARY LEVY	TOTAL	2015-16 SECONDARY LEVY	TOTAL 2015-16 BUDGET	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
GENERAL FUND	82,034,722	56,717,390	57,815,703	23,638,302	81,454,005	0	81,454,005	-580,717	-0.71%
SPECIAL REVENUE FUNDS:									
MISC. SPECIAL REVENUE FUNDS *	12,221,842	7,544,378	12,782,319		12,782,319		12,782,319	560,477	4.59%
ATTNY GRNTS & OTHER REVENUES	2,400,196	1,357,078	1,909,786		1,909,786		1,909,786	-490,410	-20.43%
JUDICIAL DEPARTMENT GRANTS	8,311,495	5,084,307	8,375,576		8,375,576		8,375,576	64,081	0.77%
COUNTY LIBRARY DISTRICT	2,260,530	1,628,058	652,528		652,528	1,282,335	1,934,863	-325,667	-14.41%
LIBRARY GRANTS	23,886	30,705	26,407		26,407		26,407	2,521	10.55%
SPECIAL DISTRICTS:									
FIRE DISTR ASST TAX	959,542	959,542	0		0	947,613	947,613	-11,929	-1.24%
NACO LIGHT DISTR	8,193	7,047	8,303		8,303		8,303	110	1.34%
SUNSHINE LIGHT DISTR	27,472	23,917	21,480		21,480		21,480	-5,992	-21.81%
BOWIE LIGHT DISTRICT	13,703	11,494	14,903		14,903		14,903	1,200	8.76%
GOLDEN ACRES LIGHT DISTR	8,130	6,730	8,067		8,067		8,067	-63	-0.77%
PIRTLEVILLE LIGHT DISTR	12,818	11,084	12,433		12,433		12,433	-385	-3.00%
PUBLIC SAFETY GRANTS & OTHER	3,826,107	4,367,229	2,725,980		2,725,980		2,725,980	-1,100,127	-28.75%
HEALTH GRANTS	3,378,163	2,794,672	3,271,813		3,271,813		3,271,813	-106,350	-3.15%
HIGHWAY DEPARTMENT (HURF)	15,150,422	12,017,460	17,039,579		17,039,579		17,039,579	1,889,157	12.47%
HIGHWAY GRANTS & OTHER	641,252	1,459,422	10,611,172		10,611,172		10,611,172	9,969,920	1554.76%
FLOOD CONTROL DISTRICT	6,244,736	2,462,573	4,842,676		4,842,676	2,041,650	6,884,326	639,590	10.24%
CAPITAL PROJECTS	21,237,909	5,971,431	22,088,199		22,088,199		22,088,199	850,290	4.00%
GROUP HEALTH TRUST	8,020,771	7,728,858	8,030,370		8,030,370		8,030,370	9,599	0.12%
SOLID WASTE	2,969,743	4,631,230	2,112,216		2,112,216		2,112,216	-857,527	-28.88%
SOLID WASTE CAPITAL REPLACEMENT	686,201	0	1,087,689		1,087,689		1,087,689	401,488	58.51%
SOLID WASTE LANDFILL CLOSURE	1,299,302	108,261	1,364,048		1,364,048		1,364,048	64,746	4.98%
SOLID WASTE GRANTS	380,359	220,000	419,690		419,690		419,690	39,331	10.34%
J.T.P.A.	1,100,000	1,175,000	1,100,000		1,100,000		1,100,000	0	0.00%
SCHOOL ACCOUNTS	690,630	943,305	624,877		624,877		624,877	-65,753	-9.52%
M.I.S. & COMMUNICATIONS	1,049,742	687,794	1,509,834		1,509,834		1,509,834	460,092	43.83%
TOTAL SPECIAL REVENUE FUNDS	92,923,144	61,231,575	100,639,945	0	100,639,945	4,271,598	104,911,543	11,988,399	12.90%
TOTAL ALL FUNDS	174,957,866	117,948,965	158,455,648	23,638,302	182,093,950	4,271,598	186,365,548	11,407,682	6.52%



Overview of Discussion

- Cash Balances (FY 15/16)
- General Fund Projections
- Updated FY 15/16 – FY 18/19 Cash Flow
- FY 15/16 Budget Overview
- FY 15/16 Budget Recommendations
- BOS Direction



FY 15/16 – Cash Balances

- Cash Carry Forward (General Fund)

– FY 10/11 (Actual)	\$ 29,849,173	
– FY 11/12 (Actual)	\$ 32,674,423	
– FY 12/13 (Actual)	\$ 30,217,046	
– FY 13/14 (Actual)	\$ 31,916,044	
– FY 14/15 (Projected)	\$ 29,105,987	
• Available		\$ 8,105,987
• CCF to cover P/R, ALTCS, Ins., and Cont. (\$3M)	\$ 21,000,000	

- Cash Carry Forward (Other Funds) Beginning - FY 15/16

	<u>Cash</u>	<u>Restricted</u>	<u>Available</u>
– Flood Control	\$ 4,126k	\$ 4,126k	\$ 0
– HURF	\$ 5,072k	\$ 5,072k	\$ 0
– ½ Cent Sales Tax (Fund 400)	\$ 13,542k	\$ 1,503k	\$ 12,040k
– Other Funds	\$ 10,535k	\$ 10,535k	\$ 0
– Library	\$ 628k	\$ 628k	\$ 0



Beginning FY 15/16 General Fund CCF

CCF 6/30/14	\$ 31,916,044
Projected 14/15 Loss	\$ (810,057)
Pay Excess PS Retirement	<u>\$ (2,000,000)</u>
Projected CCF beginning FY15/16	\$ 29,105,987



FY 15/16 – GF Projections

	FY 13/14 Budget	FY 14/15 Projections	FY15/16 Budget
New Revenues	\$52,951,466	\$52,975,368	\$52,348,018
New Expenses	\$58,294,119	\$58,929,304	\$60,136,690
Loss	(\$5,342,653)	(\$5,953,936)	(\$7,788,672)
Emergency Items Budgeted - Not to be spent	\$2,522,571	\$2,496,792	\$2,521,487
Real budgeted loss	(\$2,820,082)	(\$3,457,144)	(\$5,267,185)
Emergency Items Used			
Incentive Payment	(\$1,000,000)	(\$521,039)	
Retirements			(\$175,000)
Market Adjustments - Comp Plan			(\$200,000)
Cummulative Loss	(\$3,820,082)	(\$3,978,183)	(\$5,642,185)
Other Savings	Actuals	Projected	Projected
Vacancy Savings	\$2,050,763	\$1,982,078	\$2,000,000
Unspent Budgeted Expenses	\$322,498	\$313,108	\$350,000
Book State Assistance	\$1,590,384		
Revenue Rec'd. Over Budget	\$2,155,967	\$931,965	\$1,500,000
Gain or Loss	\$2,299,530	(\$751,032)	(\$1,792,185)
Prior Year Dec. Pkg. from CCF		(\$59,025)	
Less State Assistance	(\$1,590,384)		
	<u>\$709,146</u>	(\$810,057)	(\$1,792,185)
Total Unspent Expenses	\$5,486,216	\$4,270,939	\$4,496,487



FY 15/16 – 18/19 Projections

<u>Item</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
Revenue	Change	Change	Change	Change
Property Tax	\$ (500,000)	\$ 200,000	\$ 200,000	\$ 200,000
Sales Tax	100,000	100,000	100,000	100,000
JP Revenues	(100,000)	(100,000)	50,000	
Total Change - Revenues	(500,000.00)	200,000.00	350,000.00	
Expenses				
Retirement	\$ 300,000	\$ 200,000	\$ 200,000	
Fuel	100,000	100,000	50,000	
Health Insurance	300,000	300,000	300,000	
Comp Plan	200,000	200,000	200,000	
Utilities	50,000	50,000	50,000	
ALTCS Pymt	100,000	150,000	200,000	
Liability Insurance	50,000	20,000	20,000	
State Shifts	-	-	-	
RTC	100,000	-	-	
Jail OT	-	-	-	
Total Change - Expenses	\$ 1,200,000	\$ 1,020,000	\$ 1,020,000	
Total Shortfall/Fiscal Year	\$(5,642,185)	\$ (1,700,000)	\$ (820,000)	\$ (670,000)



GF Cash Flow

FY 15/16 – FY 18/19

General Fund Budget Projections - FY 15/16 - FY 18/19

<u>Item</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
Total Shortfall/Fiscal Year	\$(5,642,562)	\$ (1,700,000)	\$ (820,000)	\$ (670,000)
Cumulative Shortfall/Fiscal Year	\$(5,642,562)	\$ (7,342,562)	\$ (8,162,562)	\$ (8,832,562)



FY 15/16 Shortfall

Cumulative Loss FY 15/16	<u>\$ (5,642,562)</u>
Other Projected Savings	
Vacancies	\$ 2,000,000
Unspent Budgeted Expenses	\$ 350,000
Revenue Rec 'd. Over Budget	<u>\$ 1,500,000</u>
Shortfall	\$ (1,792,562)



FY 15/16 Budget Shortfall Recommendations

- Shortfall projected to be \$1.79M FY 15/16
 - Use of CCF (GF and/or ½¢ Sales Tax)
 - Use of CCF (Flexibility Language) \$1.5M
 - **General Fund** **\$1.0M**
 - Flood Control District \$500k
 - **Use of Fuel Savings/Contingency** **\$300k**
 - Additional vacancy savings (6 mo freeze) \$450k
 - Eliminate Pay Plans \$140k
 - Judicial \$75,000
 - Deputy \$54,000
 - Detention \$11,000
 - **Vehicle Replacement Fund** **\$500k***
 - * pending internal audit



Property Tax 23 Year History

23 Year Property Tax History

	Net Primary Valuation		Tax Rate		Levy		1 cent =
1993	\$ 390,561,309		3.0609		\$ 11,954,691		\$ 39,056
1994	\$ 404,496,637		3.0609		\$ 12,381,238		\$ 40,450
1995	\$ 409,738,705		3.0309		\$ 12,418,770		\$ 40,974
1996	\$ 421,678,814		2.9995		\$ 12,648,256		\$ 42,168
1997	\$ 437,540,198		2.9873		\$ 13,070,638		\$ 43,754
1998	\$ 446,503,626		2.9873		\$ 13,338,403		\$ 44,650
1999	\$ 457,578,184		2.9873		\$ 13,669,233		\$ 45,758
2000	\$ 492,396,096		2.9373		\$ 14,463,151		\$ 49,240
2001	\$ 504,130,498		2.9373		\$ 14,807,825		\$ 50,413
2002	\$ 537,737,089		2.9373		\$ 15,794,952		\$ 53,774
2003	\$ 570,409,342		2.9373		\$ 16,754,634		\$ 57,041
2004	\$ 610,807,728		2.9373		\$ 17,941,255		\$ 61,081
2005	\$ 664,734,679		2.9373		\$ 19,525,252		\$ 66,473
2006	\$ 734,609,559		2.9160		\$ 21,421,215		\$ 73,461
2007	\$ 812,722,290		2.8653		\$ 23,286,932		\$ 81,272
2008	\$ 903,521,761		2.6759		\$ 24,177,339		\$ 90,352
2009	\$ 986,677,834		2.6425		\$ 26,072,962		\$ 98,668
2010	\$ 1,042,041,186		2.6276		\$ 27,380,674		\$ 104,204
2011	\$ 1,049,827,355		2.6276		\$ 27,585,264		\$ 104,983
2012	\$ 1,038,327,080		2.6276		\$ 27,283,082		\$ 103,833
2013	\$ 1,006,475,403		2.6276		\$ 26,446,148		\$ 100,648
2014	\$ 955,783,522		2.6276		\$ 25,114,168		\$ 95,578
2015	\$ 920,583,366		2.6276		\$ 24,189,249		\$ 92,058



FY 06/07 – FY 15/16 Personnel

Fiscal Year	FTE Count
06/07	1102
07/08	1113
08/09	1123
09/10	1113
10/11	1096
11/12	972
12/13	971
13/14	942
14/15	944
15/16*	931

- * Request:
 - Freeze Superior Court Bailiff and unfreeze JP1 Court Clerk



FY 15/16 Potential Budget Issues

- Future State shifts - unknown
- PILT – unknown for future years. We budget \$1.8 million = 36 positions
- Retirement costs continue to increase
- RTC – State hospital costs (\$3-\$20k/inmate/mo.)
 - Additional cost (Pima Contract \$30k/inmate)
 - Partnering with Judicial – Contract Psych



Potential Budget Issues (Cont'd)

- Facilities – ongoing costs
 - Budget impact of new facilities (\$20K)
 - ACIP inspections/reviews
- Highways Funding - \$1.0M needed for ops
- Solid Waste
 - Rural Transfer Stations – Continued Subsidy
 - \$2.3M debt to GF from operations
- \$10,000,000 placeholder for possible Fort Huachuca IGA



Personnel-related Issues

- Insurance
 - Health – use of CCT CCF
- Retirement costs increasing
 - ASRS \$ (21,974)
 - PSPRS \$484,263
 - CORP \$ 83,233
 - AOC \$ 34,345
 - Total \$579,867
- Comp Plan
 - Market based adjustments (\$200k)
 - Possible Performance Incentives based on established goals – \$1.0m
place holder



Personnel-related issues (Cont'd)

- Pay Plans (from Salary Savings):
 - Courts (\$75k)
 - Deputies (\$54k)
 - Detention (\$11k)



1/2 ¢ Sales Tax Summary

SUMMARY OF CAPITAL PROJECTS FY 15/16						
	FY 14/15 CARRYOVER	NEW 1/2 CENT \$\$	% Of	Interest or Reallocate	From Other Funds	TOTAL
REVENUES:			Total	Undesignated	(TO) Oth Funds	
1/2 Cent Sales Tax Carry Over	14,540,411					\$14,540,411
1/2 Cent Sales Tax FY 13/14		7,200,000				\$7,200,000
Other Funds	0			-198,425	0	-\$198,425
Totals Revenues	\$14,540,411	\$7,200,000		-\$198,425	\$0	\$21,541,986
EXPENSES:						
General Fund Budgets 100	216,309	3,354,913	46.60%			\$3,571,222
Solid Waste (Fund 505)	0	285,157	3.96%			\$285,157
IT Computer replacement	642,527	200,000	2.78%			\$842,527
IT Capital (Fund 450)	138,794	150,000	2.08%	1,500	0	\$290,294
Wireless (Fund 450)	0	50,000	0.69%			\$50,000
Highways	0	1,300,000	18.06%			\$1,300,000
Capital Projects (Fund 400)	1,502,744	435,012	6.04%	0	1,292,775	\$3,230,531
Undesignated (Fund 400)	\$12,040,037	1,424,918	19.79%	-199,925	-1,292,775	\$11,972,255
GRAND TOTAL CAPITAL PROJECTS	\$14,540,411	\$7,200,000	100.00%	-\$198,425	\$0	\$21,541,986



1/2 ¢ Sales Tax

- Revenue projected \$200k increase for FY15/16 -- \$7,200,000
- CCF (Projected – end of FY15/16) - \$11,972,255
- New Revenue \$1,424,918 undesignated
- Some Decision Packages for FY15/16
 - \$350k allocated for general fund
 - \$414,512 for Microwave project (Texas Canyon shelter and contingency)
 - First year payment on Capital Lease for Microwave project approx. \$1.3M to come from undesignated. Second year payment to also come from undesignated in FY16/17
- Highways
 - \$1.0M – Needed for operations
 - \$300k – Ongoing funding for transportation projects



FY 14/15 Fuel Contingency

General Fund – Gas~ 240k gallons

- Mileage cost allocated at \$2.75/gal for FY15/16
- Saves General Fund ~ \$120k already reflected in budget
- Projected end of FY 14/15 Fuel CCF \$748,000
- Grants pay full cost of fuel
- Recommend using \$300k from Fuel for general fund budget shortfall

Special Revenue Funds – Diesel ~ 334k gallons – budgeting \$4.00/gal

- Since SRF pay actual cost – no contingency/CCF
-- In each fund as CCF



Light Fleet Replacement

- Projected end of FY14/15 CCF ~ \$2.81m
- Annual allocation to replacement account ~ 945k
- Projected FY 15/16 expense ~ \$645k (capital lease pmt.)
 - Will add ~ \$300k to CCF
- Recommend use of \$500k from CCF for General Fund



FY 15/16 Budget Process

- BOS Met with Elected Officials
- Direction given to Departments/Offices
 - Hold Operations budgets at FY14/15 level
 - Current staffing levels (vacancies) will be held
 - Decision Packages
 - Some needs addressed now
 - Distinction between one-time capital and ongoing
- Review between budget team and departments with changes
 - Issues
 - Decision Packages/Needs



Recommendations

- PRPRS
 - Make annual payment July of each year
 - Continue to pay contribution for vacant positions
 - Pay FY 15/16 level for 5 years (min) ~ \$2.3M/yr
 - Pay \$2M in FY 14/15 toward unfunded liability
 - Assess possible \$1M payment in FY 15
- CORP
 - Make annual payment July of each year
- 6 Month hiring freeze (still recommending)
 - Excludes D.O., Dispatchers, Deputies and Indigent Defense
- Use \$300k from fuel contingency
- Use \$500K from Vehicle Replacement Fund
- Use Cash Carry Forward (GF and/or ½¢ Sales Tax)



Recommendations (Cont'd)

- Charge Highways and SW full overhead
 - ~ \$270k additional (Hwys \$180k, SW \$90)
- No one-time distributions (possibly based on established goals, \$1.0M place holder)
- Increase prop tax rate (\$92k/1¢)
- Eliminate Pay Plans
- Approve DP requests as recommended
- Approve budget as presented including highlighted recommendations



Summary

- ~ \$1.79M Shortfall Projected for FY 15/16
- FY 15/16 – FY 18/19 – Continued shortfall
- FY 15/16
 - Can handle shortfall using CCF and other options
- FY 16/17 and beyond
 - Will need to address ongoing shortfall (sustainable)
- BOS Direction



Schedule

- BOS meetings with Elected Offices Complete
- Budget Team meetings with selected Depts. Complete
- Budget Overview with BOS Complete
- Follow up work sessions Complete
- BOS Tentative Budget Consideration 7/20/15
- BOS Final Budget Consideration 8/03/15
- Tax Rates and Levies adopted 8/17/15